

THE WHITE HOUSE
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CABINET AFFAIRS STAFFING MEMORANDUM

DATE: July 6, 1983 NUMBER: 073463CA DUE BY: --
SUBJECT: Talking Points on the Reagan Record

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman (<i>For WH Staffing</i>)	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
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REMARKS:

The attached is forwarded for your information.

RETURN TO:

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WHITE HOUSE TALKING POINTS



Talking Points on the Reagan Record

June 1983

THE REAGAN RECORD: TWO YEARS OF PROGRESS

President Reagan has been in office little more than two years. His economic program and first budget took effect only twenty-one months ago.

Has it made a difference? What perceptible changes for the better have taken place since January 20, 1981?

The few pages that follow offer some answers to these questions, some rebuttals to the charges of unfairness -- which are themselves unfair -- and some sense of how the lot of average Americans is getting better as recovery accelerates. Also covered are other domestic policies and proposals of the Reagan Administration on which spokesmen may anticipate getting questions from a general audience.

The information in these pages is intended for Administration spokesmen. We hope they find it useful.

Prepared by
the White House Office of Public Affairs

June 1983

THE REAGAN RECORD: TWO YEARS OF PROGRESS

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THE TYPICAL FAMILY
(How's it doing?)

Key points:

- * Lower taxes, lower inflation have made American families better off -- over \$3000 better off for a typical (median income) family.
- * Lower mortgage rates make home-ownership a possible dream again for 11 million families who couldn't afford it 2 years ago.

Background

- o Lower inflation has made a typical family's income of \$29,300 worth about \$2500 more than if inflation were still at the 1980 rate. (\$29,300 is 1983 median income for family of four.)
- o Lower tax rates mean that family will pay \$700 less in federal income taxes for 1983 than if 1980 tax rates were still in effect. (Despite a typical income increase of \$3052 for such a family, it actually will pay \$44 less for 1983 than for 1981.)
- o Together, lower taxes and inflation mean the family has about \$3200 more in purchasing power than it would have had.
- o The same holds true at other income levels -- much higher purchasing power due to much lower inflation and lower tax rates.

Home-ownership more affordable for more families.

- o The monthly payment on a \$50,000 mortgage has dropped over \$200 in the last 20 months or so as interest rates have fallen.
- o An \$80,000 30-year mortgage now costs over \$350 a month less.
- o FHA/VA loan rates dropped the second week of May to 11.5 percent -- the lowest since August, 1980 when mortgage rates were going up.
- o Conventional mortgages also at lowest rates in almost 3 years.
- o Statisticians say the lower rates -- down about 6 points the last year and a half -- have put home-ownership in reach for about 11 million families who couldn't afford it 2 years ago.

TAXES AND FAIRNESS

- o The tax cuts are fair, lowering tax rates for every taxpayer and income category.
- o The whole purpose of the President's tax cuts is to allow people to keep more of what they earn -- creating incentives for them to work harder to earn more and to save and invest.
- o That's just what happened. A family of four with a \$20,000 income in 1981 actually paid \$26 less in federal income taxes for 1982, even if it's income rose with inflation to \$21,209.
- o A \$15,000 a year family in 1981 earning almost \$1000 more in 1982, would have paid \$24 less despite the higher earnings.
- o Without the Reagan cuts, the 1982 tax bill for the \$20,000 family would have been \$228 higher; for the \$15,000 family, it would have been \$151 higher. What's fair about that?
- o Repealing the 3rd year, or indexing would be unfair -- imposing the heaviest burden on people in the lower tax brackets.
- o In fact, the rich got their biggest tax cut right away, with the lowering of the top rate from 70 percent to 50 percent. (President Reagan proposed a 3-year phase down but Congress amended his plan to cut the top rate all at once.)
- o It would be unfair now to deny to middle and lower-income taxpayers the rest of the tax cut coming to them. Repeal would amount to a tax increase of almost 25 percent over the next 5 years for people in the \$10,000 income range -- and over a 17 percent tax increase for families earning \$50,000 or less.
- o In short, repeal of indexing and the 3rd tax cut installment would mean a \$3500 tax increase for the average taxpayer through 1988.

INFLATION, INTEREST RATES AND ECONOMIC GROWTH

Key points:

- * In 1979, growth stopped in America.
- * Policies of tax and spend helped stall the growth that began after the 1974-75 recession and brought economic expansion to a dead halt.
- * 1979 was also the year poverty started to rise in America, after almost uninterrupted annual improvement since 1949. It was the year interest rates and inflation hit double-digits, and it was the year unemployment stopped falling and started the rise that lasted until the start of 1983.
- * Uncontrolled federal spending and runaway taxation caused or worsened these and other economic problems President Reagan inherited.

GNP growth

- o At the end of 1982, real GNP was practically the same as it had been at the beginning of 1979. (Some quarterly ups and downs, but the overall 4-year fact of the matter was no growth.)
- o About 15 months after the President's program for economic recovery took effect, solid growth started up again. The economy grew 2.5 percent in the 1st 3 months of 1983 and most economists agree growth will continue or even accelerate.

Inflation

- o In 1979, inflation was 13.3 percent. In 1980, it was 12.4 percent -- the 1st time since WWI it stayed in double-digits two straight years.
- o This really hurt the poor. A poor family's fixed, \$5000-a-year income at the start of 1979 was worth less than \$4000 by the end of 1980. In just two years, high inflation robbed the family of over \$1000.
- o Those two consecutive years of double-digit inflation lowered the value of a \$10,000 income by \$2000; a \$15,000 income lost \$3000 in value; \$20,000 income lost \$4000; and a \$30,000 income was worth \$6000 less because high inflation erodes the dollar's purchasing power.

- o A dollar saved at the start of 1979 was worth less than 80 cents by the end of 1980.
- o Inflation had been under 5 percent as recently as 1976.
- o In contrast, there was virtually no inflation in the 6 months ending in April. (To be precise, it was 8/10s of one percent.)
- o For the 12 months through May, inflation was only 3.5 percent. Since November, the 12 month inflation rate has been below 4 percent for the first time in 10 years.
- o The last time inflation was that low, wage and price controls held it down artificially. This time, if Congress will help us to follow policies of fiscal and monetary restraint, we can keep inflation down for real.

Interest rates

- o In 1976, the prime rate was under 7 percent. By the end of 1980, it had risen to record levels -- just as inflation had -- boosted by tax and spend fiscal policies.
- o Just before the Reagan inaugural, the prime peaked at 21.5 percent -- the highest since the Civil War.
- o It rose almost 15 points in four years from 1977-80. In the little more than two years since, the prime has fallen more than 2/3s of the way back -- a full 11 points to 10.5 percent.
- o Mortgage rates have dropped six points in the last 18 months.
- o Short-term rates (e.g. 90 day T-bills) are half their peak.

BUDGET FAIRNESS
(Unfairness charges are unfair)

Key points:

- * Before the Reagan reforms, \$2 of every \$5 in benefits intended for low-income people went to those well above the poverty line.
- * Pre-reform, millions of families making around \$14,000 got no assistance from the federal government but millions of others, making that much or more, got \$20 billion in benefits. That wasn't fair.
- * Even if all the additional reforms in the 1984 budget request are adopted, the federal government will spend more than \$2 trillion on entitlement programs in the next 5 years. That is almost half a trillion more than is planned for defense.

Background

- o The problem President Reagan set out to solve was not that government was doing too much for the needy, but that it was doing too much for the non-needy.
- o Also, some of the programs to help the poor had the effect of keeping them poor, and dependent on government.
- o During the recession (which started before the Reagan budget took effect) budget cuts and program reforms were an easy target for partisan critics. It was recession that was hurting -- but they blamed the program.

Social programs were unfair before the reforms, more fair after

- o In 1981, before the Reagan reforms, \$2 out of every \$5 in benefits designed for the poor went to people who not only were not poor but actually made close to (in many cases, more than) the median earned income for all working Americans.
- o 42 percent of the total benefit dollars from these programs went to households which, when that aid is considered, had incomes above 150 percent of the poverty line -- that was about \$14,000 in 1981. The median earned income for all working people that year wasn't much more -- about \$15,000.
- o There were millions of families in 1981 making around \$14,000 a year who received no means-tested federal benefits at all. (These include programs such as food stamps, AFDC, Medicaid.)

There were other millions making that much or more who did get assistance (\$20 billion worth that year). That wasn't fair.

Unfairness charge doesn't hold up

- o Some critics claim any cut, in any program, is unfair. To hold this view, they must believe that all benefits from programs to help low-income families actually go to the poor. As we know, \$2 of every \$5 in AFDC, food stamp, Medicaid, SSI, school lunch and subsidized housing benefits in 1981 went to the non-poor.

Historical perspective on social spending

- o If no more reforms are adopted, the federal government will spend over \$2.1 trillion on entitlement programs that transfer cash to individuals in the next 5 years.
- o Even if additional reforms in the President's 1984 budget request are adopted, the federal government will spend over \$2 trillion on these programs in the next 5 years.
- o The Reagan budget request for 1984 would have the federal government spending 3 times what it spent in 1970 -- in real terms -- on assistance to the poor (means-tested entitlements).
- o The 1984 request for spending on the poor (for means-tested entitlements) would reduce the previous Administration's request by less than 5 percent in real terms.
- o There have been cuts, but they've hardly been draconian as critics charge.

FOOD STAMPS AND OTHER NUTRITION PROGRAMS

- o Spending for the Food Stamp program this year (FY83) is \$3.5 billion higher than in 1980.
- o Over 2.5 million more people are getting benefits than in 1980 which was a recession year. (19.3 million then versus 22 million now -- the highest number of recipients ever.)
- o The only "cuts" have come from program reforms designed to make sure benefits go to those who are needy -- and not to those who aren't.
- o Average benefits have risen faster than inflation since 1980, and reforms have made it possible to remove some 875,000 non-needy from the rolls.
- o Though program spending has grown almost 45 percent since 1980, spending growth has been cut. Without the reforms, it would have grown about 65 percent -- another \$1.5 billion.
- o Proposed cuts for FY84 will total close to \$800 million from:
 - substantial caseload reductions as recovery puts people back to work;
 - efforts to reduce waste and fraud, estimated to cost up to \$1 billion a year.
 - a work experience program to help recipients become more self-sufficient.

School lunches

- o 10 million low-income children are getting free lunches -- about a half-million more than projected in the prior Administration's budget.
- o Before the Reagan reforms, large portions of the school lunch budget were going to subsidize reduced price lunches for middle and upper-income students.
- o The reforms have drastically cut back these subsidies. (They've been cut back for families making roughly twice the poverty level or more.)
- o As a result, more needy kids are getting free lunches and fewer affluent children are getting cut-rate lunches at taxpayer expense.

WELFARE -- REAGAN REFORMS ARE WORKING

- o Welfare reforms passed in 1981 were designed to lower costs, maintain the safety net and reduce dependency on government assistance for welfare families.
- o A recently published study shows these objectives have been met and that critics of the reforms -- who said they would drive the working poor to quit their jobs and go on welfare -- were wrong.
- o The reforms lowered the income level at which working families could qualify for AFDC (Aid to Families with Dependent Children).
- o Prior to reform, in at least 18 states, families with incomes as high or higher than half the workers in the country could qualify for welfare. (1981 median income for all workers was about \$15,000.)
- o The welfare reforms saved about \$1 billion in federal outlays and nearly as much for the states. (Since reform, 22 states have increased benefits for needy recipients, putting the money saved to good use.)
- o Contrary to critics' predictions, people who lost welfare benefits did not quit their jobs to go back on welfare in any greater proportion than before the reforms -- because most would prefer to work than live off government. The reforms strengthened incentives for them to do so.
- o About 15 percent left their jobs after the reforms -- the same percentage as did before the reforms.
- o The benefits for the truly needy remain in place, with AFDC benefits actually up in many states.

THE SAFETY NET

- o Safety net spending in next year's budget is up \$14.7 billion since 1981 -- almost 20 percent higher.
- o Actual cash and medical assistance to the needy is also up and the number of people served by programs such as Medicaid, AFDC and SSI has increased by a half million.
- o The poor are hurt most by high inflation -- and helped most when it is under control.
- o The average AFDC family's benefit in the 1970s increased by over one-third but high inflation in that decade eroded its purchasing power so they could buy a third less at the end of the decade than they could at the start even though the family had more money.
- o In contrast now, a poor family totally dependent on AFDC, food stamps and Medicaid has \$400 more purchasing power than if inflation were still at 1980 rates.
- o Overall, even if reforms proposed for 1984 are enacted, spending on low-income assistance programs for the poor will be three times greater than in 1970.
- o The charge is made that the Reagan reforms have cut massive numbers from the rolls of safety-net programs. The fact is:
 - There will be 500,000 more Medicaid beneficiaries in 1984 than in 1980;
 - Food Stamps are benefitting over 2.5 million more people now, than in 1980;

JOBS AND UNEMPLOYMENT

- o The civilian unemployment rate fell 0.7 percentage points in the first five months of 1983.
- o A recovering economy created nearly 800,000 jobs in those five months -- almost 374,000 in May alone.
- o The unemployment rate rose more or less steadily (with monthly fluctuations) from late 1979 on. That trend is reversed and (also with monthly fluctuations) it should decline more or less steadily from now on.
- o Three times in the last 15 years, inflationary surges have been followed by increasing unemployment.
- o The record unemployment levels of 1982 fit this pattern. They came in the wake of the record inflation rates of 1979-80.
- o Past patterns suggest that if inflation stays down, unemployment will keep coming down. But a turn-around in policy -- back to tax and spend -- will turn the inflation rate around and rising unemployment would be sure to follow.
- o The Administration expects growth to create up to 5 million new jobs by the end of next year. A rise of over 3/4s of a million in total employment in the first five months of 1983 is a good start toward that goal.

FARMERS

- o During most of the 70s, a cost-price squeeze put a heavy burden on many farmers -- and as the decade wore on, rising taxes and runaway federal spending only made the problem worse.
- o In just the two years 1979 and 1980, the farmers' production costs rose almost 30 percent -- close to a 15 percent a year average.
- o By contrast, as overall inflation has come down, so has inflation on the farm. In 1982, farm costs rose only 2 percent.
- o High interest rates have also hurt farmers -- but every one percent drop in average interest rates on farm debt means net farm income goes up \$2 billion.
- o The President's decontrol decision has led to lower prices for diesel fuel and gasoline -- a big boost to farmers.
- o President Reagan ended the grain embargo -- which hurt American farmers and left the Soviets free to buy more grain than ever -- but to buy it from non-U.S. sources.
- o Extensions of the long-term grain agreement with the Soviet Union have started to put the American farmer back in the business of supplying their market. On June 2, talks began with the Soviets on negotiating a new long-term agreement.
- o USDA has worked to keep farm foreclosures to a minimum. Most foreclosures are not by the government but by private lenders.
- o Only about half of all American farmers have mortgage loans to pay off and of these, only 1 in 8 -- about 270,000 -- are owed to the government. Perhaps 10,000 of these are substantially behind in their payments and, last year, only 844 were actually foreclosed on by the Farmers Home Administration.
- o President Reagan's tax rate reductions have helped farmers as they have helped all business operators. Virtual elimination of the estate tax has been of particular help -- making it possible to keep the family farm in the family.

OLDER AMERICANS

Key points:

- * Social Security benefits have risen under President Reagan, by about \$100 a month for an average retired couple.
- * Lower inflation gives a retired person's private pension benefits about \$1100 more in purchasing power than if inflation were still at 1980 rates.
- * The President's budget request for fiscal 1984 provides an average of \$17,060 for every elderly couple in America.

Background

- o When President Reagan took office, older Americans were being hurt by high inflation and threatened with the prospect of collapse of the Social Security system.
- o Inflation's been lowered and the Social Security system saved because of the President's leadership.

Social Security

- o The President's critics made the issue a political football, and many denied that the system was close to bankruptcy.
- o But, last November, the retirement trust fund had insufficient funds to back up retirement checks and it had to borrow a total of \$17 billion until reform legislation could be implemented.
- o The Social Security Amendments of 1983 were signed into law on April 20th. This brought to an end two years of effort by the President to fashion a solution that could protect benefits and assure the solvency of the system.
- o President Reagan's leadership in creating a bipartisan commission with appointments by the President, Speaker O'Neil, and majority leader Baker led to compromise legislation which passed early in the 98th Congress.
- o Many sceptics predicted the partisan impasse would continue and dismissed the Commission approach as doomed to failure.
- o It worked, though, and unlike the last Social Security rescue plan -- passed in 1977 -- the one that emerged from the

Commission's work is expected to last.

- o That 1977 plan imposed both the largest peacetime tax increase in history and the largest benefit cuts Social Security had ever seen. (The average 65 year-old who retired last year will get over \$4000 less in benefits through 1985 because of the 1977 changes.)
- o The previous Administration said these 1977 Amendments would ensure the system's solvency through the year 2030 but 5 years after their enactment, last November, the retirement fund had to borrow to cover its checks.
- o Political charges aside, the fact is that during the Reagan presidency, Social Security benefits have risen by about \$70 a month for the average beneficiary and \$100 a month for the average retired couple.

Other programs for the elderly

- o Overall, federal support for the elderly will average \$8530 per individual in fiscal 1984 -- \$17,060 per couple.
- o 27.6 percent of all federal spending will go to the elderly, a total of \$234 billion.
- o That's an increase of 7 percent and \$15.5 billion over the current year -- fiscal 1983.

WOMEN AND THE REAGAN ADMINISTRATION

- o There are 3 women in the Reagan cabinet, more at any one time than in any other Administration in history.
- o The President selected more women for full-time top policy making positions in his first two years in office than any of his predecessors. By the end of January, he had selected 94 women, compared to only 76 appointed by the previous Administration in its first two years.
- o All told, President Reagan has selected women for more than 1000 important positions in the White House and throughout the Executive Branch. (165 for Senior Executive Service, almost 500 in GS-13 or above schedule C positions, and 325 for part-time presidential advisory boards.)
- o In addition, Justice Sandra Day O'Connor is the first woman on the Supreme Court and Jeane Kirkpatrick the first woman to serve as Ambassador to the U.N. with Cabinet rank.
- o Women head the Departments of Transportation (Elizabeth Dole), and HHS (Margaret Heckler), the Peace Corps (Loret Ruppe), the Consumer Product Safety Commission (Nancy Steorts), the U.S. Postal Rate Commission (Janet Steiger), and the Federal Labor Relations Authority (Barbara Mahone).

Policy changes

- o Many provisions of law which discriminated against women have been reformed through Reagan policy and initiatives.
- o The so-called marriage penalty has been greatly reduced -- saving two-earner couples about \$300 a year (when each makes about \$15,000).
- o The tax credit for child care has been raised from \$400 for one child of a working mother to a maximum of \$720.
- o Toughened child support enforcement produced \$170 million in 1982 alone from fathers who abandoned welfare families.
- o Rules governing individual retirement accounts (IRAs) have been liberalized to allow larger contributions by women who work outside the home and also for homemakers with no earned income.

CHILDREN

- o Spending in the fiscal '84 budget for 10 key programs for needy children is 25 percent above 1980 levels -- up from \$17.4 billion to \$21.7 billion.
- o Aid to Families with Dependent Children -- the primary welfare program -- serves one in eight American children.
- o Medicaid -- providing health care to the poor -- serves one American child in six. The 1984 budget provides \$2.8 billion, close to \$1 billion more than in 1980, to serve 10.5 million children.
- o Head Start funding in fiscal 1984 will be up 30 percent from 1980 levels and almost 50,000 more children will be served -- up 13 percent from 1980 to about 425,000 children.
- o School lunches are being provided free to about 10 million low-income students -- about half a million more than the previous Administration's budget provided.
- o Immunization rates are up. In 1980, it was estimated that as few as 91 percent of children entering school were immunized. For 1984, the range will be 95-97 percent.
- o Infant mortality also continues to decline in the United States. The rate dropped from 12.5 per 1000 live births in 1980 to 11.7 in 1981 and dropped further, to 11.2 in 1982.

CIVIL RIGHTS

- o Sad legacy of discrimination is well-known and, under President Reagan, the Administration is working hard to enforce laws against discrimination.
- o All Americans enjoy the right to be free from unlawful discrimination and to be judged and given opportunity on the basis of merit -- not pre-judged and denied opportunity on grounds of race, national origin, or sex.
- o The President has proposed to continue the Civil Rights Commission in existence for 20 years.

Criminal violations

- o The Reagan Administration has filed 104 new cases charging violations of federal criminal civil rights laws and 79 trials have been conducted -- more activity than in any prior Administration.
- o For example, Joseph Paul Franklin was brought to trial and though not convicted of shooting civil rights leaders Vernon Jordan, he was convicted of killing two black joggers.

Voting Rights

- o The right to vote, says President Reagan, is "the most sacred right of free men and women."
- o He signed into law the longest extension of the Voting Rights Act in its history -- and the Civil Rights Division at the Justice Department has conducted reviews of requests for changes in voting laws at a record pace.
- o More than 21,000 such reviews have been conducted since the start of this Administration.
- o The Division initiated 25 new cases to assure minority voting rights and has participated in a total of 48 such cases.

Equal employment opportunity

- o The EEOC has recovered record amounts of back-pay and other compensation for victims of employment discrimination. Over \$130 million was recovered in 1982 -- almost twice the amount obtained in legal and administrative settlements in 1980.

CRIME

- o Serious crime dropped 4% in 1982 compared to 1981, the first annual decrease in the crime rate since 1977.
- o The drop in crime in a recession year confounds many "experts" who think economic hardship causes crime. On the contrary, the drop may be evidence that a firmer law enforcement stand -- like this Administration has taken -- does act as a deterrent to crime.
- o Administration anti-crime initiatives already in place include: a new national strategy to cripple organized crime and drug trafficking; twelve inter-agency crime task forces in key regions of the country; and a new National Center for State and Local Law Enforcement training.
- o The twelve inter-agency task forces are patterned after the very successful South Florida task force effort, which drastically reduced violent crime and the flow of drugs into that area.
- o To ensure that criminals are put and kept behind bars, the President proposed a major reform of the Federal criminal laws -- the "Comprehensive Crime Control Act of 1983." Included in this legislation are proposals to toughen bail, standardize sentencing, change the insanity defense, and tighten narcotics enforcement provisions.

EDUCATION

- o Total federal student aid made available by Education Department programs has increased from \$8.5 billion in 1980 to \$10.8 billion in 1983.
- o Black students comprise about 10 percent of the higher education student population -- but get about 30 percent of student aid.
- o The fiscal 1984 request for funding for handicapped through state grant programs -- \$1 billion -- would be the highest funding level ever.
- o Tuition tax credits -- and the voucher proposal -- are a matter of basic fairness. They will give low and middle-income parents some of the same freedom to choose where they want their children to be educated that affluent parents now enjoy.
- o This Administration showed the courage to confront the number one educational problem of the '80s, declining quality of learning in our schools.
- o A national Commission was appointed to look at the national problem and the report it issued has prompted a national debate.
- o Federal spending for education has increased over twenty-fold since 1960 -- the period for which the Commission on Educational Excellence notes a marked decline in the performance of America's schools.
- o Commission recommends longer hours of school, more homework, stress on basics, merit pay for the best teachers and higher pay for all.
- o The Ford Foundation identified recently (and 4/25 Time magazine reported on) several public schools doing an outstanding job -- mainly because of strong principals, dedicated teachers, stress on basics -- whether or not they had more money.
- o Time pointed out one inner-city school was drawing students from private schools -- showing public schools can compete.
- o No federal program can make this kind of performance happen, but federal leadership can encourage it; local leadership can demand it.
- o National Education Association statistics show public school spending overall rose nearly 7% this past school year -- and per pupil expenditures were up almost 10%.

ENERGY

Key points:

- * Gasoline prices fell a dime a gallon last year, proving decontrol critics wrong.
- * Decontrol helped break OPEC's grip on the oil market and increased energy independence of the U.S.
- * Free market works with oil -- can also work with natural gas.

Background

- o On January 28, 1981, President Reagan ordered immediate decontrol of petroleum prices as one of his first official acts.
- o Since then, the price of gasoline to consumers has declined substantially.
- o In fact, the price of gasoline went down a dime a gallon in 1982 and fell another nickel by March of 1983 -- the first annual drop in 10 years and the largest price drop ever.
- o Even with the additional nickel-a-gallon tax that went into effect April 1st, average gas prices are below what they were -- in real terms -- before decontrol. Prices consumers pay for heating oil have also dropped.
- o Critics had argued that decontrol would lead to much higher prices. Senator Kennedy, for example, predicted a "new surge of inflation," and Senator Metzenbaum predicted "2.00 a gallon gasoline prices by the end of 1981."
- o After a brief upward spurt in the weeks right after decontrol, however, the price drop began as the President predicted.
- o Some say the price drop results from OPEC disarray and not from decontrol. But respected oil industry analyst Dan Lundberg credits the disarray in OPEC to President Reagan's decontrol decision.
- o Price controls, Lundberg says, "held down our production at artificially low prices ... subsidizing the OPEC nations, providing the underpinnings for their cartel."
- o President Reagan's decontrol, Lundberg adds, "terminated a USA quasi-cartel, kicking away the underpinnings of OPEC's pseudo-cartel, and he did it with his free market philosophy ..."

THE ENVIRONMENT

- o President Reagan totally supports strong enforcement of the Nation's environmental protection laws. The President's choice of William Ruckelshaus to head EPA -- the agency's first Administrator and a dedicated public servant -- demonstrates that support.
- o When swearing-in Ruckelshaus, the President asked him to pay special attention to several areas of concern -- acid rain and its impact on lakes and forests, Superfund implementation to clean-up hazardous dumps, and the need to provide leadership to State and local governments in environmental protection.

Toxic Waste Clean-Up

- o The Reagan Administration has implemented an effective program to manage hazardous waste.
- o The President's 1984 budget proposed \$310 million for Superfund, the program to clean-up abandoned hazardous waste sites and for responding to hazardous chemical spills. This represents a \$100 million increase over 1983 and equals 25% of EPA's budget.
- o In 1984, EPA will initiate remedial actions at 55 new sites, an increase of 37% over 1983. Some \$95 million will be awarded for State actions, an increase of 98% over 1983.
- o Under this Administration, the Superfund program has already:
 - Published a priority list of 419 sites for clean-up;
 - Funded 69 hazardous-waste sites for long-term remedial action;
 - Initiated 128 emergency actions involving hazardous materials and completed 106 of them; and
 - Negotiated privately-funded clean-ups at 43 hazardous waste sites worth \$151 million.

Clean Water

- o Implementation of the Clean Water Act under the Reagan Administration has resulted in cleaner water than ever before.
- o For the first time in the history of the Clean Water Act, EPA under the Reagan Administration is on schedule in issuing guidelines.
- o The Reagan EPA has published 19 toxic removal guidelines. Only one such rule had ever been published prior to 1981. This will reduce toxic chemicals discharged directly into the nation's

waterways by 96%.

- o In 1982, municipal wastewater compliance increased from 79% to 87%. Compliance by industry increased from 82% to 85%.

Clean Air

- o The Reagan Administration has consistently supported maintaining clean air standards. EPA has accomplished a notable degree of improvement in air quality through a three part strategy.
- o Gaining voluntary clean-up wherever possible. Compliance under the Clean Air Act is now up to 97.3%.
- o Processing time for State plan revisions has been reduced from 14 months to 6 months and a 1981 backlog of over 1000 proposals has been reduced by 97%.
- o Using the full force of civil and criminal litigation where needed. Administration orders for air enforcement will triple between 1981 and 1983 (65-190). The EPA air enforcement budget remains steady in 1984 at \$20.7 million, up from \$20.5 million in 1983.

Clean, Safe Parks and Wildlife Refuges

- o Cleaning up our national parks and wildlife refuges is an Administration priority.
- o To help restore the nation's national parks and wildlife refuges, the Administration created the five-year, \$1 billion Park Restoration and Improvement Program and moved to rehabilitate deteriorating facilities at national refuges.
- o The Administration has successfully urged Congress to include 188 Atlantic and Gulf Coast areas in the Coastal Barrier Resources Act and is working with a State/private sector task force to encourage similar protection for wetlands.

HEALTH CARE

- o Administration health policy is designed to keep affordable, quality health care available to all Americans.
- o The quality is there, but health care cost inflation is running three times the overall inflation rate -- and threatening its affordability, especially for elderly and low-income people.
- o Costs to the taxpayer also soar. Medicaid and Medicare have been the fastest growing part of the federal budget over the last 10 years -- rising 600 percent, to \$64 billion in 1982.
- o One major Administration Medicare reform to help control hospital costs has already been adopted. Called prospective payment, the reform creates incentives for hospitals to avoid excessive patient care costs without jeopardizing the quality of care.
- o Through another proposed Medicare reform, the elderly would be protected -- for the first time ever -- against the catastrophic costs of a long hospital stay.
- o Now, the cost to a Medicare patient for a 150 day stay in the hospital is \$13,475 -- and the patient has to pay all hospital costs for every day over 150. This can add tens of thousands of dollars to the patient's bill.
- o Under the President's reform proposal, a Medicare patient would not have to pay more than \$1530 -- no matter how long the stay.
- o While a patient's share of costs for a short hospitalization would rise -- an average of \$28 a day -- older poor people who couldn't afford to pay could have their share paid for by Medicaid. An extra \$47 million has been budgeted for this in 1984.
- o Overall, 49 million elderly, poor and disabled citizens -- 1 of every 5 Americans -- will have health care needs met through Medicare and Medicaid in 1984. That's a million more than this year and 3 million more than in 1980.

THEN AND NOW: TWO YEARS OF PROGRESS
(1980 vs. the present)

Inflation

Then -- 12.4% for the year 1980; was 13.3% in 1979.
Now -- 3.5% over 12 months ending May 1983, cut by 2/3s
under President Reagan.

Interest Rates

Then -- The prime hit 21.5% at the end of 1980.
Now -- The prime is at 10.5%, cut in half in two years.

Then -- 90 day Treasury bills brought 17% interest.
Now -- Interest on T-bills is 8.1%, also down about half.

Mortgage Rates

Then -- They were climbing; FHA on the way to 17-18% range.
Now -- They're falling; at present 12%, the monthly cost of
a \$50,000 mortgage is over \$200 less than at peak
rates of last year.

Housing Starts

Then -- In 3 year slump, starts down and falling further.
Now -- Start rate up, running at solid 1.6 million annual
rate for 1st five months of 1983.

Federal Spending Growth

Then -- Growth rate was over 17% by 1980.
Now -- Spending will grow by less than two-thirds that
rate -- about 11% -- this fiscal year (FY83) and by
about 5 percent in fiscal 1984.

Federal Income Tax (family of four, median income of \$29,300)

Then -- Under old tax law, typical family would pay \$3766.
Now -- Lower tax rates cut tax to \$3049 -- \$717 less.

Energy Security

Then -- Net U.S. energy imports were the equivalent of almost 6 million barrels per day.
Now -- Net imports are down to just over 3 million.

Gasoline Prices

Then -- Decontrol critics predicted \$2.00 a gallon gas once controls were lifted.
Now -- Price fell about 10 cents a gallon in 1982; first drop in ten years, steepest ever. Real price lower now than just before decontrol.

Regulatory Relief

Then -- Paperwork took estimated 1.5 billion in manhours.
Now -- Regulatory relief cuts burden by over 300 million.

Then -- The Federal Register averaged 7251 pages a month.
Now -- It's down a third, to under 4875 pages a month.*

Military Re-enlistment Rates

Then -- Rate was 55%, and the military was losing a valuable pool of experienced manpower.
Now -- Re-enlistment rate, at 68%, is the highest since 1964 and is evidence of overall improvement in morale.

Nuclear Arms Reductions

Then -- Senate was rejecting flawed SALT II treaty.
Now -- Serious talks with Soviets on mutual cuts, not just limits.